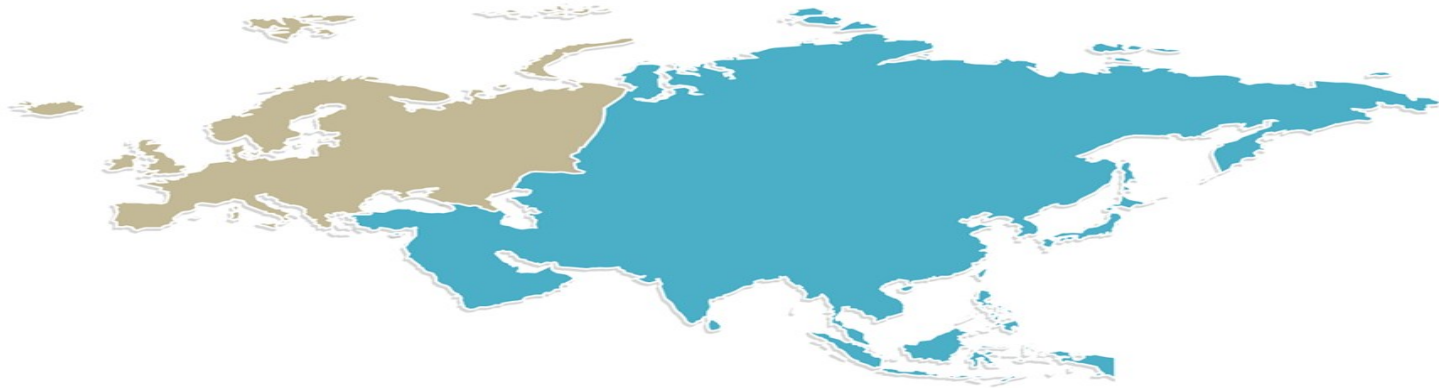




« The voice of the European Service Industries for International Trade Negotiations in Services »

EUROPE-ASIA ↔ INTERLINK



Seminar on

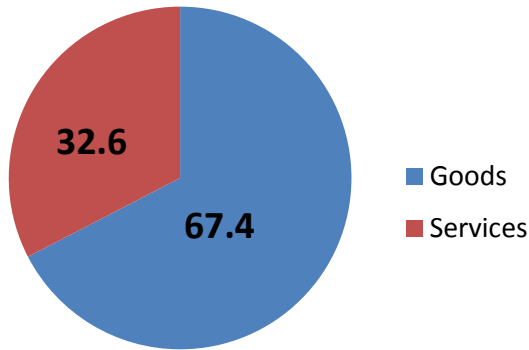
**“Europe-China Trade and Investment:
Converting Challenges into Cooperation?”**

TRADE & INVESTMENT IN SERVICES **ESF PERSPECTIVES ON EU-CHINA RELATIONS**

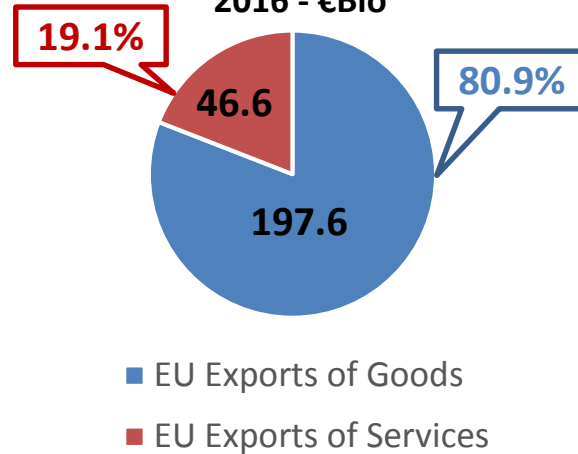
Pascal Kerneis – Managing Director – European Services Forum

TRADE IN SERVICES PLAY A MAJOR ROLE IN EU & CHINA TRADE

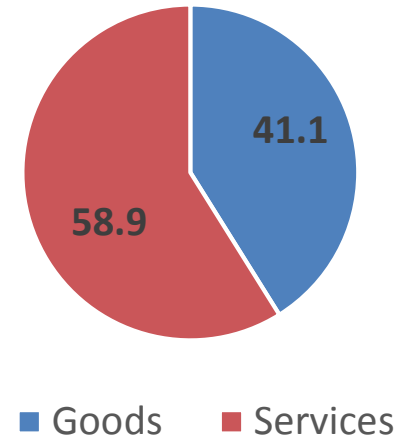
EU Exports in BoP – 2017 –
– World wide average - %



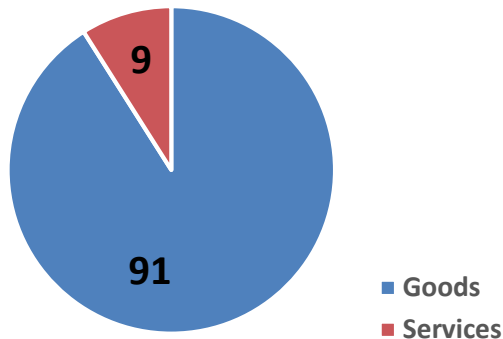
EU Exports to China - BOP –
2016 - €Bio



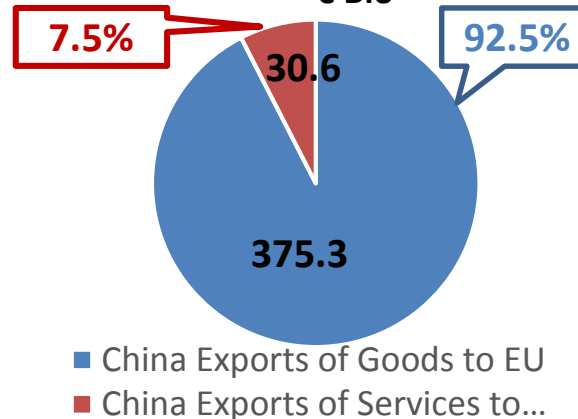
EU Exports in TiVA - 2016 - %



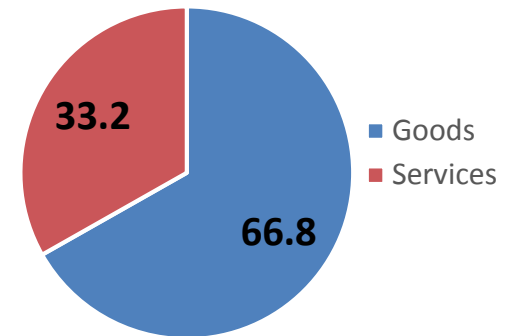
China Exports in BOP - 2016 –
World wide average - %



China Exports to EU BOP – 2016
– € Bio

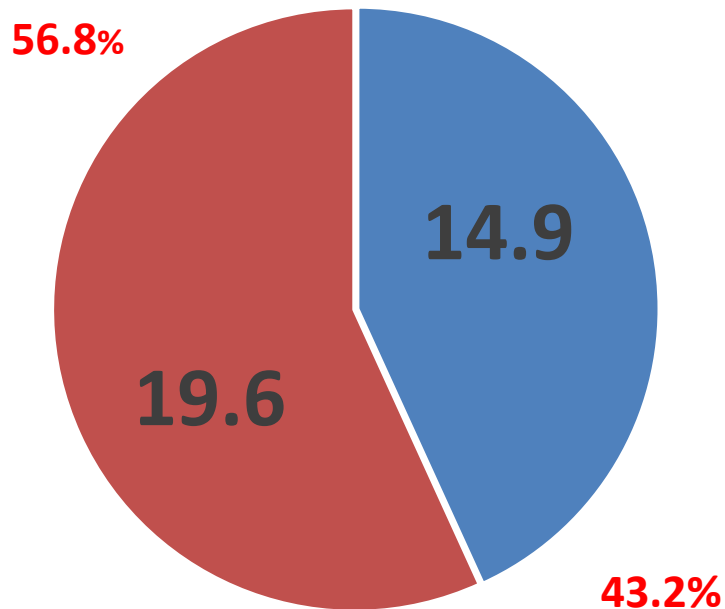


China Exports in TiVA - 2016
- %



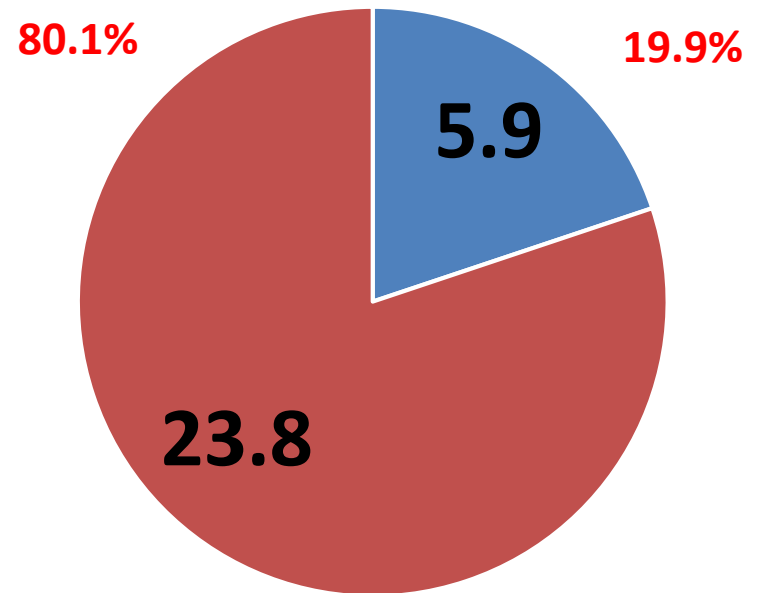
Share of Services value added in EU & China Goods Exports
 Share of Domestic & Foreign Services in Goods Exports - %

EU28 = 34.5%



■ Domestic Services
 ■ Foreign Services

China = 29.7%



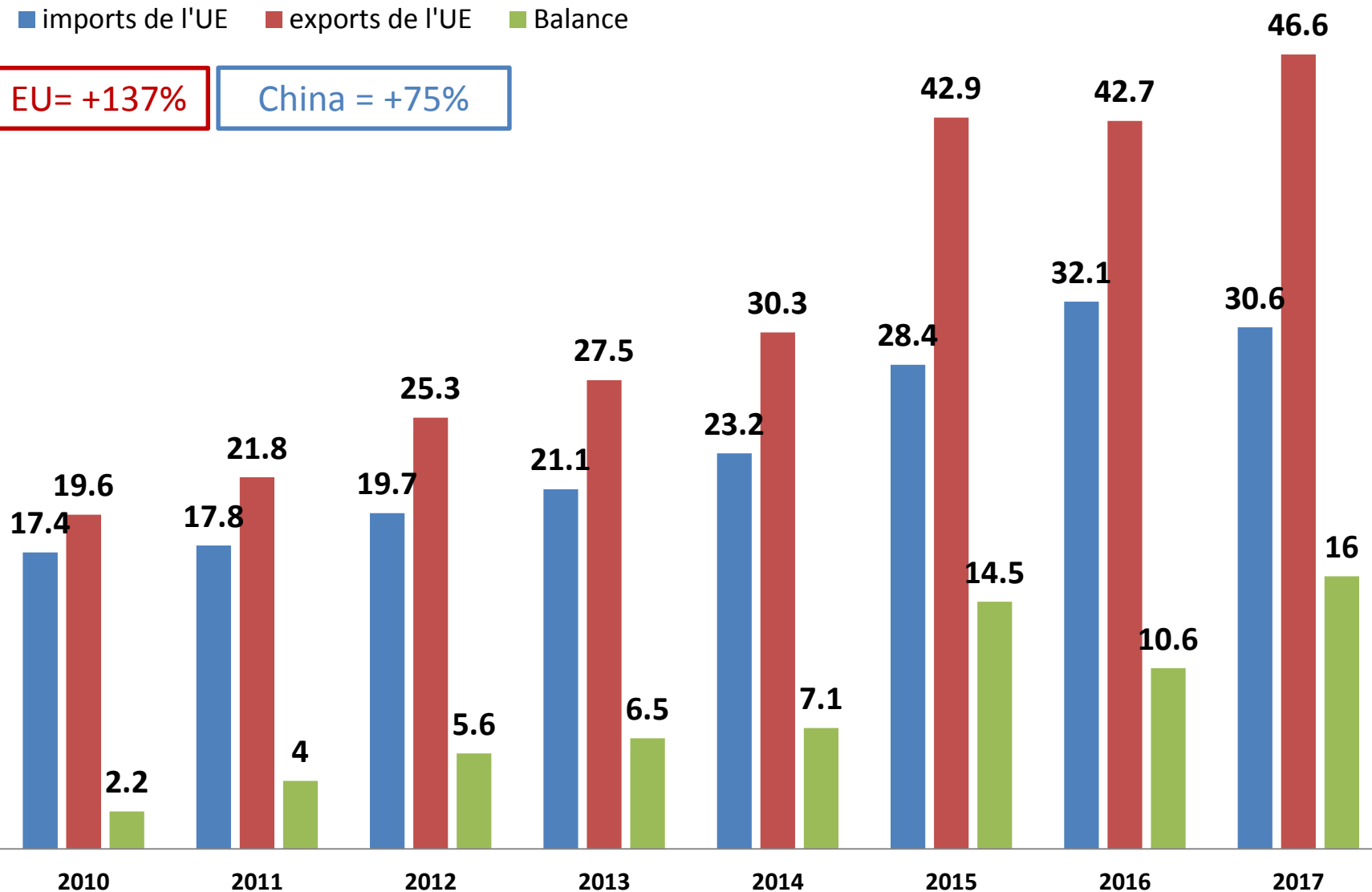
■ Domestic Services
 ■ Foreign Services

Evolution of Trade in Services EU-China – 2010-2017 - €Bio

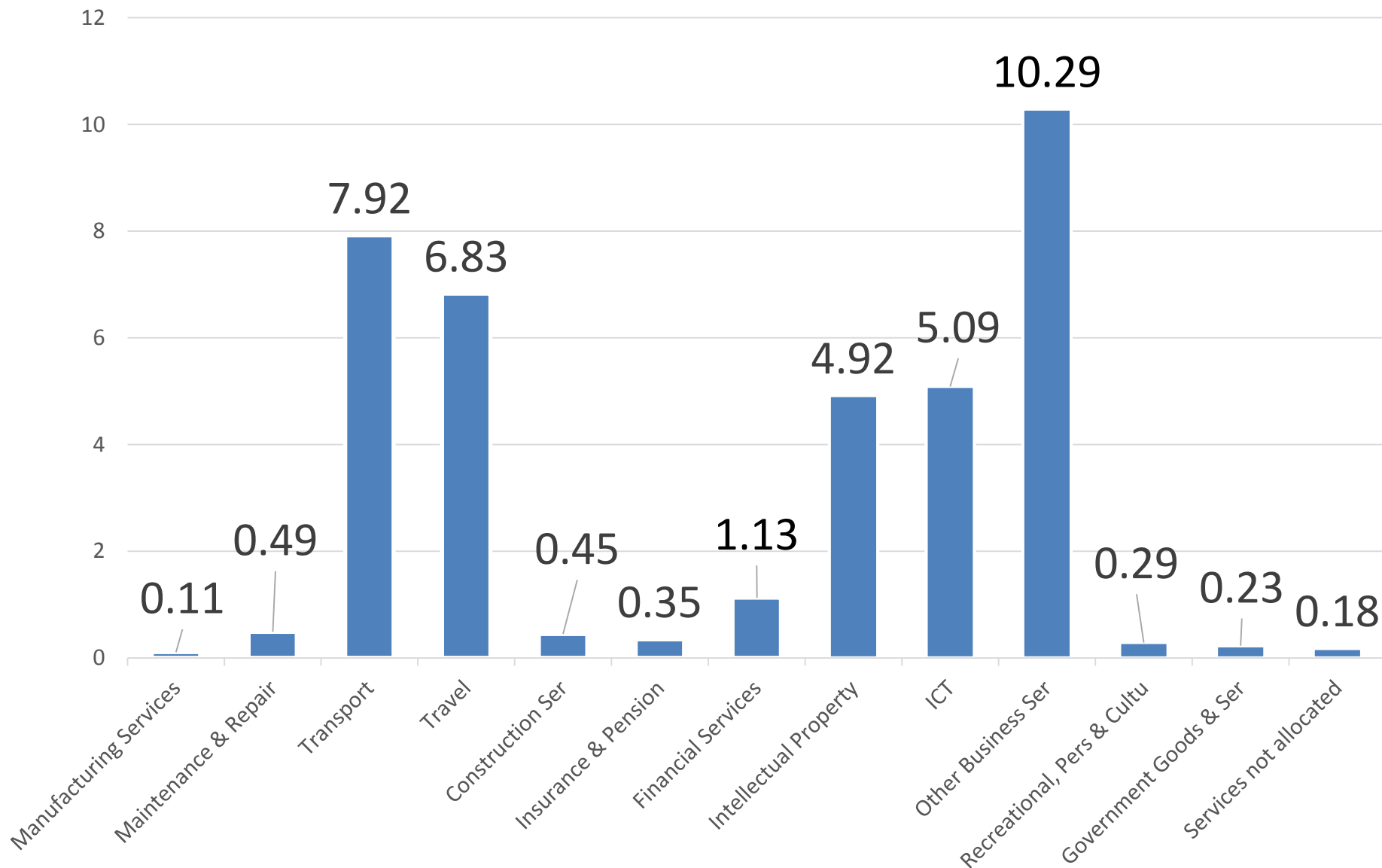
■ imports de l'UE ■ exports de l'UE ■ Balance

EU= +137%

China = +75%



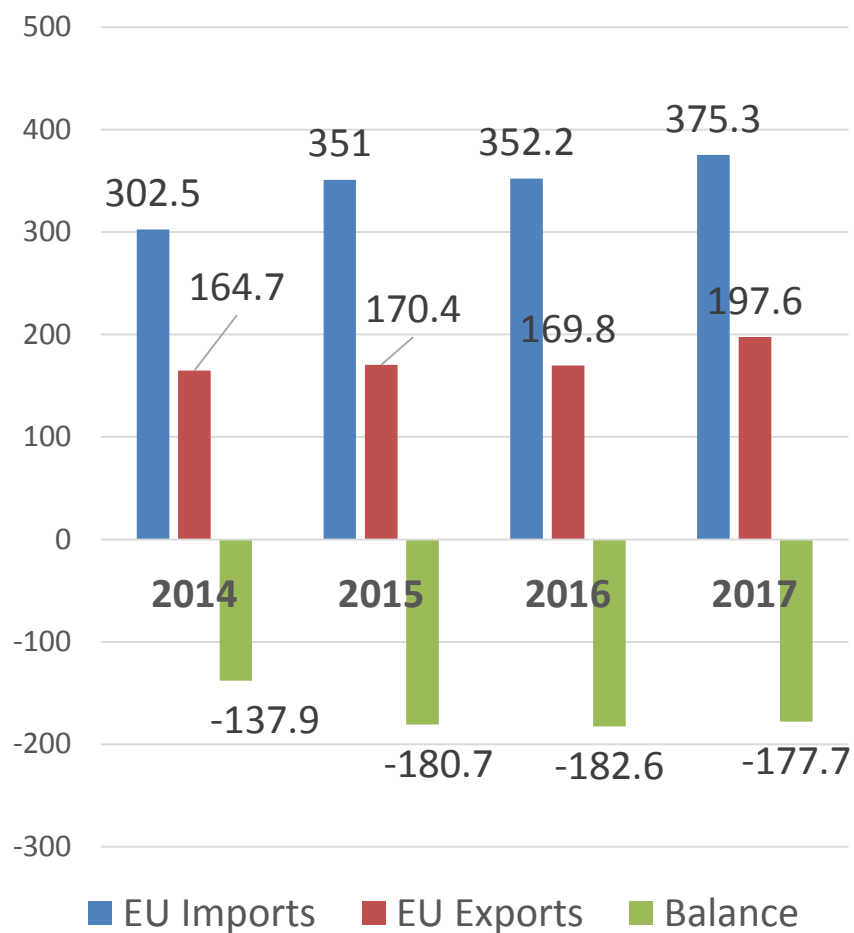
EU Exports of services to China per sectors - €Bio - 2016



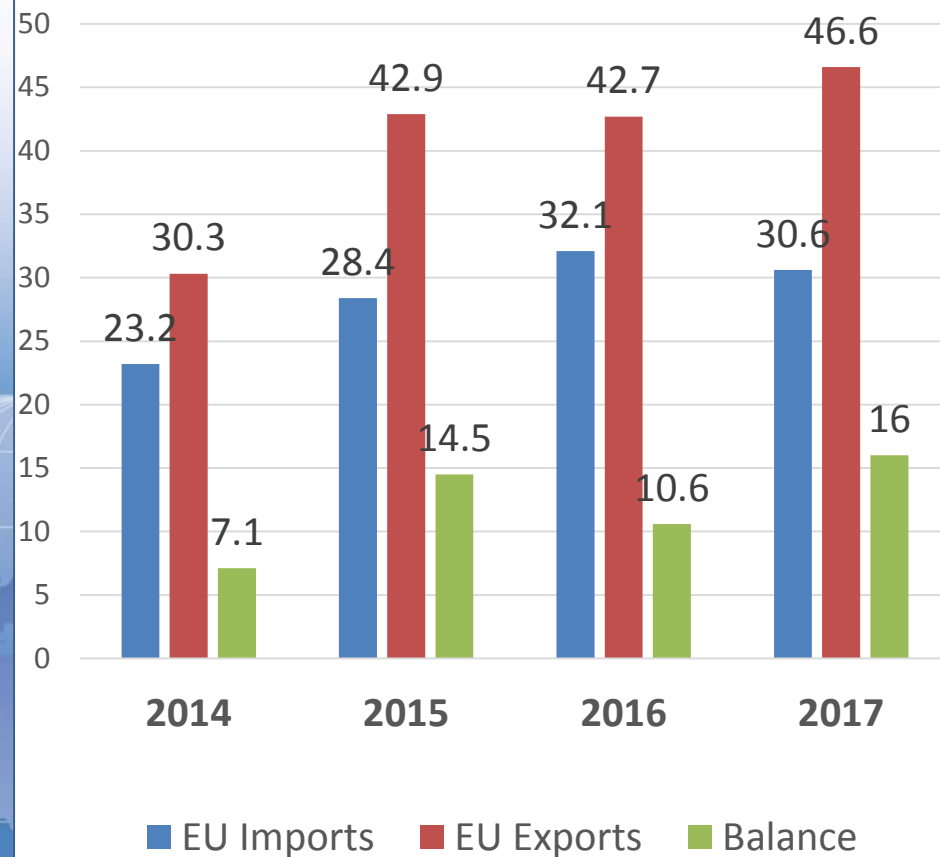
EU-China Trade & Investment

(Imports and exports of goods & services)

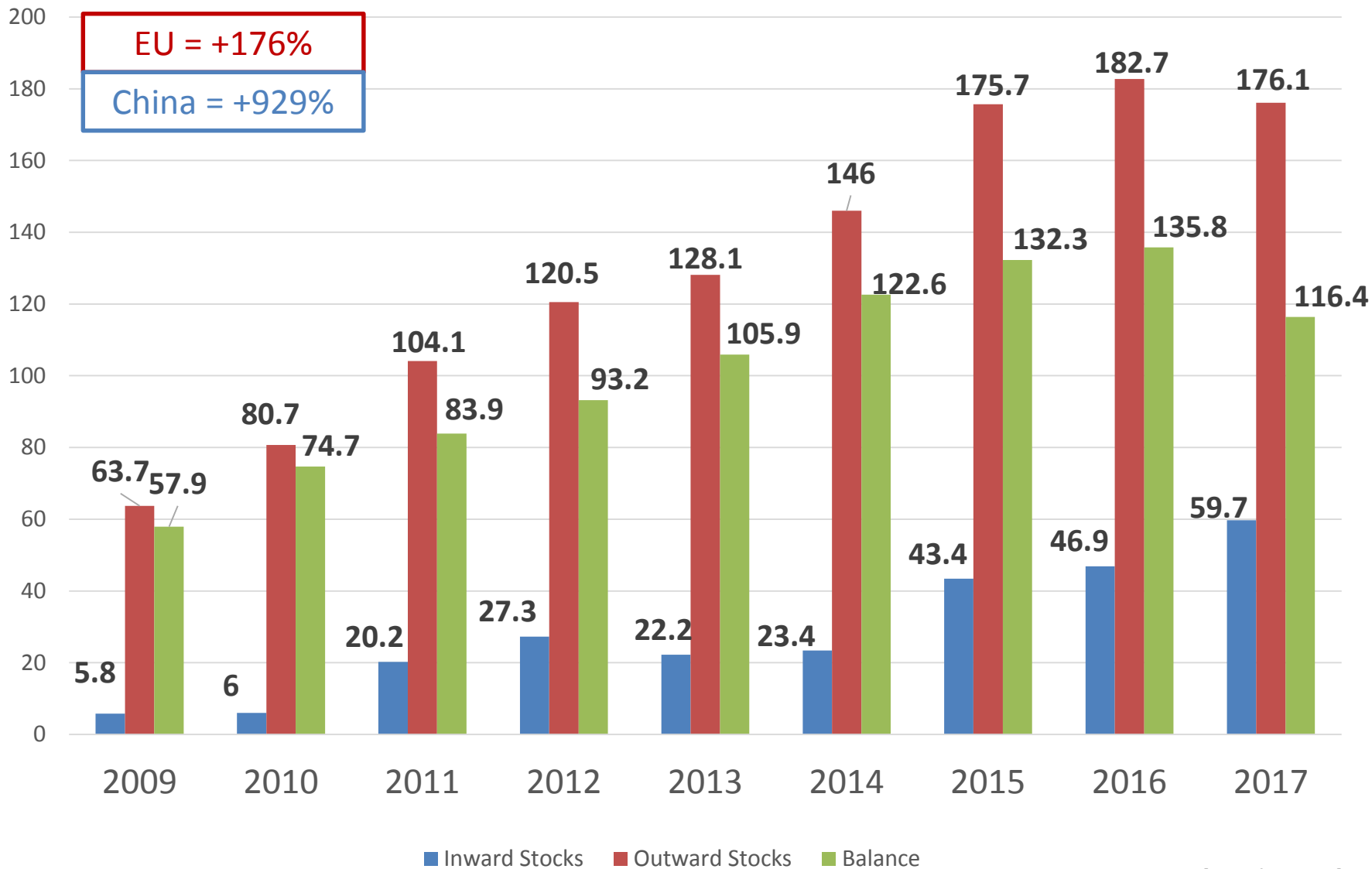
Trade in Goods (€ Bio)



Trade in Services (€ Bio)



Foreign Direct Investment (Stocks - € Bio) – 2009 -2017



**Top 10 countries as extra EU-28 partners for FDI stocks
(EU-28 - 2012–2015 - billion EUR)**

	Outward					Inward					
	Value (billion EUR)				Share (%)	Value (billion EUR)				Share (%)	
	2012	2013 (*)	2014 (*)	2015 (*)		2015 (*)	2012	2013 (*)	2014 (*)		2015 (*)
Extra EU-28	5 112.0	5 456.2	6 000.2	6 891.6	100.0	3 905.9	4 130.3	4 758.5	5 744.9	100.0	
United States	1 627.8	1 835.6	2 059.4	2 559.8	37.1	1 543.9	1 676.0	1 784.9	2 380.9	41.4	
Switzerland	<div style="border: 2px solid red; padding: 5px;"> EU Outward FDI to China represents only 2.4% of total EU </div>		691.8	821.8	11.9	<div style="border: 2px solid red; padding: 5px;"> EU Inward FDI from China represents only 0.6% of total EU </div>				619.3	10.8
Bermuda			304.5	362.6	5.3					495.0	8.6
Brazil			321.6	329.9	4.8					127.6	2.2
Canada			273.3	248.8	3.6					219.2	3.8
China			120.7	126.0	143.2					167.9	2.4
Russia	193.5	192.1	162.7	162.2	2.4	75.3	52.6	56.4	61.0	1.1	
Mexico	82.4	111.8	135.1	161.6	2.3	21.4	25.3	31.1	36.5	0.6	
Singapore	92.6	98.5	116.4	153.2	2.2	47.7	36.8	52.7	57.0	1.0	
Hong Kong	132.1	112.6	127.6	119.2	1.7	50.7	57.5	89.8	79.0	1.4	

(*) Based on international standards BPM6 and BD4.

Source: Eurostat (online data codes: bop_fdi_main and bop_fdi6_pos)

Extra EU-28 FDI stocks by economic activity (EU-28 - 2014 - billion EUR)

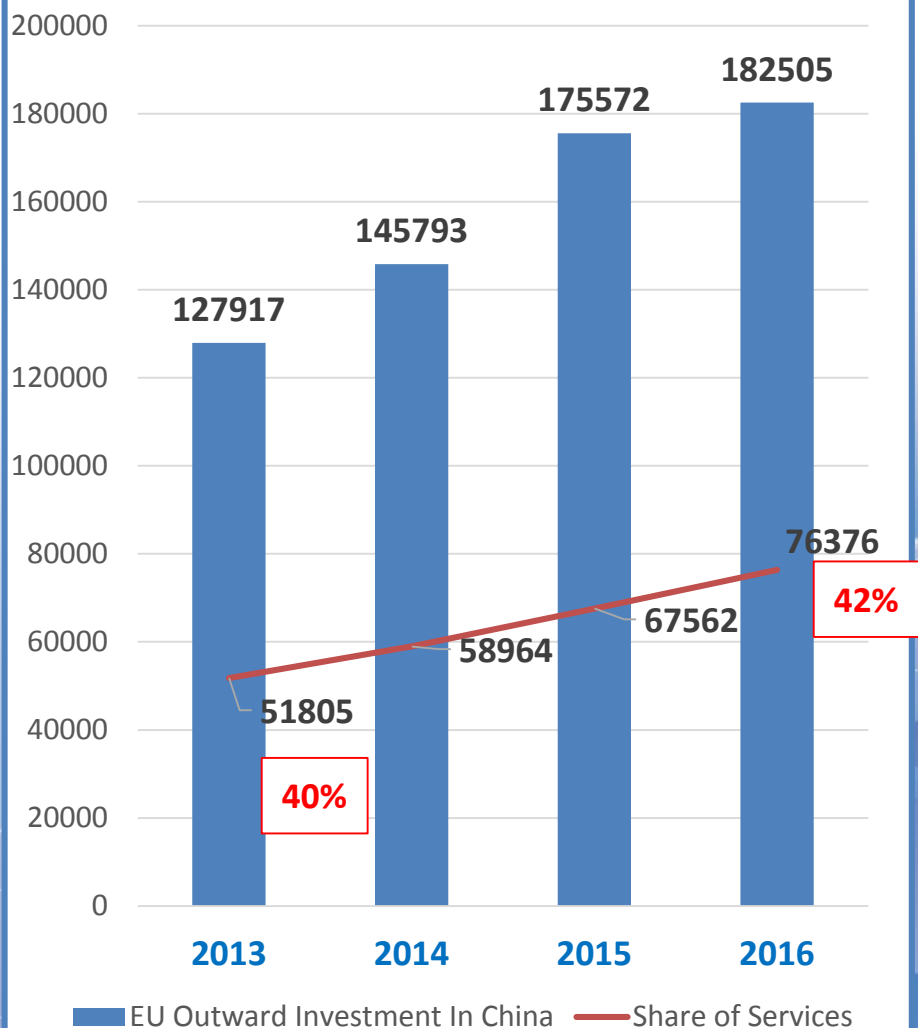
	Outward	Inward
Total	6 000.2	4 758.5
Agriculture, hunting and fishing	4.2	2.5
Mining and quarrying	635.1	44.0
Manufacturing	1 615.6	451.7
Food products, beverages and tobacco products	276.3	107.1
Textiles and wood activities	45.4	12.0
Petroleum, chemical, pharmaceutical products	595.9	176.6
Metal and machinery products	415.0	73.4
Vehicles and other transport equipment	130.7	46.0
Electricity, gas, steam and air conditioning	71.3	14.7
Water supply; sewerage, waste management	4.3	2.3
Construction	50.7	15.2
Services	3 519.1	4 155.6
Trade; repairs of motor vehicles and motorcycles	245.3	184.8
Transportation and storage	58.8	30.0
Accommodation and food service activities	40.1	11.6
Information and communication	283.3	83.3
Financial and insurance activities	2 301.6	3 490.0
Real estate activities	42.7	66.5
Professional, scientific and technical activities	413.9	212.2
Other services (NACE Rev. 2 Sections N to U)	125.2	77.2
Other, including activities not allocated	99.9	72.4

Services represent 58% of EU Outward FDI

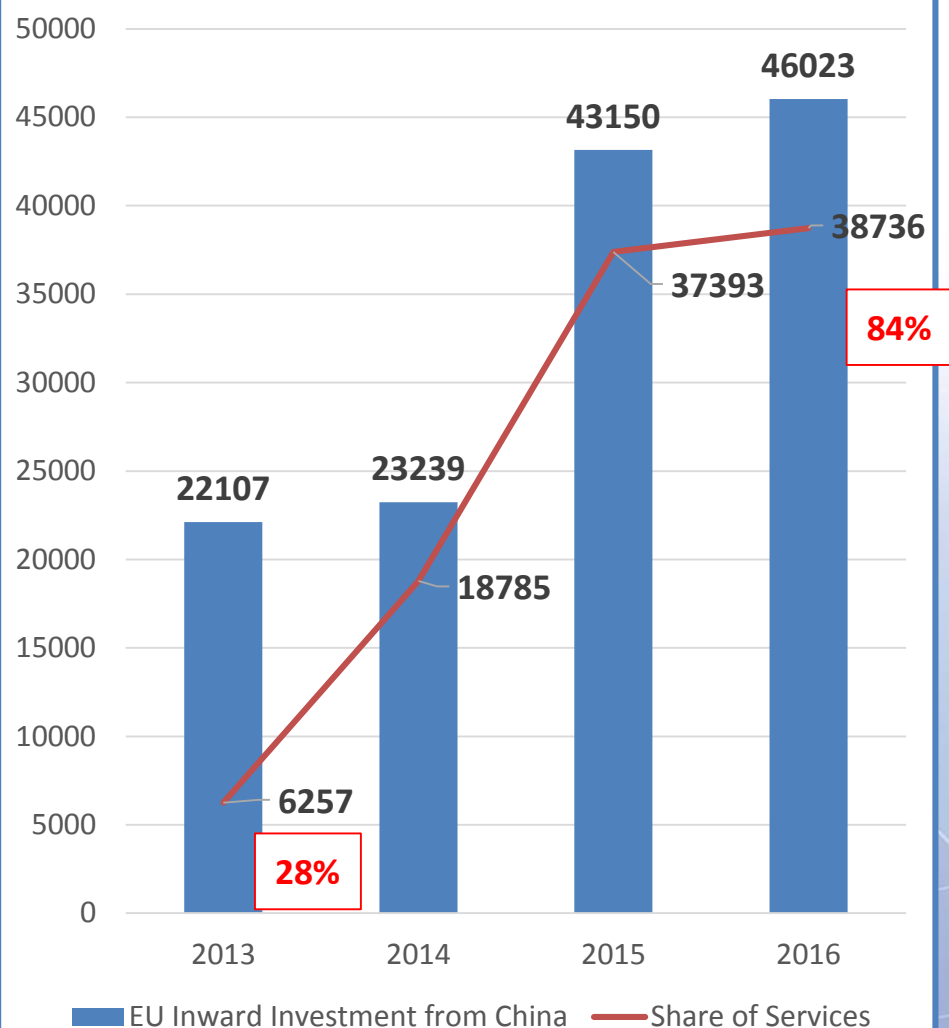
Services represent 87% of EU Inward FDI

What would be the shares for China?

Share of Services in EU **Outward** FDI in China



Share of Services in EU **Inward** FDI from China





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ESF views on EU-China relationship (1)

- ESF welcomes the recent Joint Statement at the 12th EU-China Summit on 9th April 2019
 - ESF supports the conclusion of an ambitious **EU-China Comprehensive Investment Agreement in 2020**:
 - Remove Equity caps
 - Remove data localisation requirements and code source transfer requirements, etc.
 - ESF calls for more active engagement of China in :
 - WTO Reform and support of the multilateral system
 - WTO Negotiations: Initiatives on **WTO E-Commerce**, Investment Facilitation and **Domestic Regulation Disciplines (Rules Transparency)**.
 - ESF welcomes the commitment to actively engage in the EU-China Mobility and Migration Dialogue and to swiftly conclude the parallel negotiations on the agreements on **visa facilitation** and on cooperation in combating illegal migration (“Mode 4”).
 - ESF welcomes the fact that the two sides committed to further strengthen exchanges and cooperation in the fields of **education, tourism, mobility of researchers, culture, media, youth, and sport** through the High-level People-to-People Dialogue.

ESF views on EU-China relationship (2)

- ✓ ESF welcomed the Draft Foreign Investment Law of the People's Republic of China of last February 2019:
 - Draft law is a positive step, with welcome positive elements, such as pre-establishment national treatment, elimination of joint-venture requirements for some sectors, and prohibition of technology transfer.
 - The Draft law:
 - sets up a streamlined process for the approval of a significant proportion of foreign investment (Negative list : “Special Management Measures for Foreign Investment”)
 - expands investment opportunities to the whole territory of Mainland China, beyond the earlier pilot FTZs.
 - BUT the draft does not set out a clear enforcement mechanism and many of its terms are vague.
 - It seems to treat Services sectors differently!
 - ➔ Still need much clarifications!
- ✓ ESF calls China to incorporate elements of this reform into Bilateral Investment Agreement with the EU.



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Thank you for ATTENTION !



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